

CITIZENS' TASK FORCE ON CHARGERS ISSUES
MINUTES for meeting of
January 16, 2003

Meeting held at:

San Ysidro Middle School

Mailing address is:

**City of San Diego
Special Projects Administration
1010 Second Ave, Suite 500, MS 658
San Diego, CA 92101**

ATTENDANCE:

Members Present

David Watson
Nikki Clay
Cassandra Clady
Pepper Coffey
Tom Fat
Bruce Henderson
Karen Heumann
Bill Largent
Joe Martinez
Geoff Patnoe
Patti Roscoe
Ron Saathoff
Leonard Simon
Jeff Smith

Members Absent

Tim Considine

Staff Present

Libby Coalson
Les Girard
Bruce Herring
Dan Barrett
Stephen Shushan

CALL TO ORDER

Item 1: Citizens' Task force on Chargers Issues Meeting called to order.

Item 2: Roll Call – Libby Coalson

AGENDA ITEMS

Item 3: Task force minutes of January 9, 2003 approved unanimously

Item 4: Comments by Chairperson – we are in San Ysidro at the middle school

Item 5: Comments by Task force Members –

Henderson – had passed out some questions to all that were provided to him by a third party. (*See attachment to Minutes*). He suggests these questions be considered during the next several weeks so that possibly could get the County involved.

Roscoe – the task force heard a presentation last week that said sports were the cause of all crime for cities that built new stadiums. This made her doubt the presentation. Much has been written about sports as an equalizer in youth, develops leadership, puts kids of all ages and socio-economic background on equal footing. The task force faces a challenge, but are hearing from the doom and gloom folks, not those with good ideas. Great cities have learned to work together to be progressive. San Diego seems to figure out the reasons why things won't work, rather than develop a vision. Task force is working diligently. Need the ideas and positive perspectives to be brought forward. If can't find a solution, thinks we will lose the team, Holiday Bowl, Division 1 football at SDSU and many scholarships, Super Bowl, and a common denominator that brings together our community. Without an NFL franchise, her opinion is that an aging stadium on a valuable parcel of land in Mission Valley won't be able to stay and will have to be torn down. If we lose the team, we will never get one back. If LA gets a team, it will take over the whole southern California market. Will be left with the legacy of not being able to figure out how to keep a team in town. Have some great visionary minds. Creatively find a solution to work for all. Hard to press ahead and find a way to accomplish difficult tasks. Embrace potentials. She urges the Task force, City Council and community to do their best to come up with a solution to the challenge.

Item 6: Committee Reports

Finance – Received a letter from Chargers saying they don't plan to provide any additional financial information to the task force. The Finance Committee won't be able to determine whether the team is financially viable or not. Heard an informative presentation by staff regarding various funding sources and financing mechanisms.

Item 7: Public Comment

Neudeck – requests that the task force immediately start holding meetings in Chambers on live tv. Live tv allows no editing of tapes. Why has task force not gotten information regarding PacBell stadium in San Francisco as an example of a facility built with no taxpayers money? He requests that someone obtain information from San Francisco on their financing. Three architects from back east indicated what types of things would comply with ADA, but they don't know what would be compliant as they are not familiar with California's more stringent laws.

Aguirre – Questions the benefits Ms. Roscoe receives from her involvement with the NFL. Spanos was not sincere in 1997, knows he is not suffering severe financial hardship. What to do when someone lies? The Chargers have Mr. Fabiani as a spin-doctor. Wants to see the type of information Fabiani brings in his presentation. Does he bring Jeanne Bonk with him? – no. Does he bring the marketing expert? – no. What are we here for tonight? Task force is here the same as a jury. Can't trust a single word being said. People telling are those with no personal knowledge.

Chair – will be an opportunity to comment on all at the public hearing held later before a final decision is made.

Scott McLachlan – thank you to Ms. Heumann for her letter to the editor in the Union Tribune. The task force is going to hear a lot of smoke from Chargers. Talking about stadium in one corner of the site with houses and other development where stadium currently is. If houses are in the area, the residents won't be able to hear anything in their homes when there is a touchdown made at the stadium due to noise. There isn't a market for commercial, hotels. There is a market for affordable single family homes, but that is not what is going to be built. The Chargers are trying to get as much money as they can. The site is not going to be used as parkland.

Jaime Garcia – comes to address a serious fact. People are suffering in San Diego County from high taxes. Recommends no tax money is spent on a new stadium. If Chargers want a new stadium, they should pay for it themselves. Most people are overburdened with taxes and don't need any more. Suggests the task force reconsider on behalf of all taxpayers in City, especially those in Nestor and Otay. He thinks money can be used for roads, sewers. Could get money from the Chargers to pay.

Chris Reefer – for Assemblywoman Kehoe's office. Read a letter she provided (posted on web)

Greg Ny – thanks for coming down to his community. He is here in support. Hopes will be able to create a working partnership to create a long term business partnership to keep the Chargers in town. Had an opportunity to tour the facility. Have been discussions about how to renovate existing building. Being in construction business, no question that stadium needs to be torn down and re-built. Renovation will only give a marginally acceptable facility. Encourages the task force to create a win-win coalition and partnership

Ernesto Lozano – In support of new stadium. Thinks San Diego deserves a facility. Will benefit the City. Friends and family enjoy the Chargers and lends their support and best of luck with the challenge.

Dr. Paul Randolph – resident of the community. Appreciates holding the meeting in this community and volunteer work of the task force. Been a Chargers fan his whole life. Has kids who are now fans and trusts that the task force and City will find a way to keep the Chargers in town. He is one citizen who is willing to pay his share to keep the team in town. He wants the intangibles and intrinsic value to be considered -- the value of having the Chargers in town, having a home team. Sunday is a big day for most of us in our families. It is a day for the Chargers and for football, a local religion. Work the task force is doing impacts thousands of San Diegans and quality of life.

Greg Fox – thank you for the opportunity to speak. He is in favor of the task force doing their work though not sure if they have determined whether a new facility is needed – how many stadiums has the task force had an opportunity to go and look? Is comfortable paying his share as he goes to Chargers games.

Steve Marietti – exec director of Taxpayer Protection Association. He wants to address the Chargers offer of \$200m to the City. Please consider this carefully. We will lose the Chargers to another City if we don't seriously negotiate and consider this offer. It is clear the Chargers can trigger. Please come up with a way to keep the Chargers.

Carlos Michel – 12 years old, 7th grade. Chargers fan. Everyone likes football. Parents take kids as a way of interacting with families. Interviewed 10 people in his neighborhood about what they thought about the Chargers. They all mentioned the Chargers leaving. Football is entertainment for all ages. He has been to four Chargers games and has fun whether they win or lose, wants them to stay in town.

Item 8: Chargers Presentation

Fabiani – appreciates the fact that task force is seeing this process through. Hopes to work with the task force and wants the Chargers to stay in town. He wants to continue to work together to get something done.

When this process started, we faced a huge challenge and an enormous opportunity - tasked with finding a way to meet the needs of all of San Diego. There is the opportunity of Qualcomm site which is an underutilized site. The facility will sit mostly idle after Padres leave.

The Chargers have hired the best and spent months with the community. They think there is an untapped potential of revenue trapped under the asphalt. A sensible renovation will tap the revenue. Everyone can

benefit from the renovation. They want to present their ideas to the community with the hope that it will stimulate vigorous discussions and act as a starting point for the community. Community will ultimately decide what works and what doesn't, and will refine the ideas. Ideas for a process – public, community-oriented, explore and see if make sense for people of San Diego.

Chargers Team:

HOK – experienced stadium architects – Dennis Wellner

San Diego Architect and Planning expert – Mark Steele

Since the project's viability depends on whether can pay for it, the Chargers engaged Jim Weinstein for the financial information

For the last eight months, the Chargers have :

Asked the team to evaluate all options for the site, especially renovation

Asked leading sports market expert to analyze the San Diego market

Recognized that the underlying vision was that the existing site is underutilized

Asked HOK to design a new/renovated facility for the fans so the Chargers can remain economically competitive for the future

Wellner – Design team has been working in San Diego with Mark Steele's office.

Steele – the proposal is the start of a real planning effort and thinks it will be really successful. Tonight is just a start.

Centre City is the central urban core, University City is second, and Mission Valley is the third urban core in San Diego. San Diego is a city of open space, water and green. The river is important and is part of their plan 80% of the Qualcomm site is asphalt – we are missing an opportunity.

The area of the Gaslamp Quarter, the Convention Center, and the Ballpark fit on the Qualcomm site – an overlay shows. This is just a benchmark.

The trolley serves the site well and the new line will be very beneficial.

The Chargers want to capture the San Diego spirit. He thinks they can develop the site with a green approach. Sustainable architecture/design features, using less of environment, and actual greenery.

City of Villages – Mission Valley could be an Urban Village Center that is a cluster of more intensive employment, residential, regional and sub-regional commercial uses to maximize walkability and support transit. The village center will contain public gathering spaces and civic uses. It has to follow policies and guidelines for transit-oriented development. The site would need to be within 2000 feet of a transit stop to be considered transit-oriented. Not just Qualcomm site that would be the village, it would include areas further west as well – Fenton Marketplace and housing just west of it.

Envisions that the floodway stays and is integrated with a park that becomes part of village, Fenton Marketplace connects, Rio San Diego Drive connects through, the stadium moves to the east of the site so the rest can be developed. This location of the stadium would also help with noise and allow the existing stadium to stay up during construction. Modern stadiums control noise better. They are aware that they would have to deal with traffic issues.

Possibilities – degree to which the ancillary site is developed.

- creates a park out of site, stadium at east. All west area becomes green with parking in among the green stuff. River through and around the stadium. Very little development. (the Park)
- The Village idea – grid streets so more walkable. Connection to Fenton Marketplace and connections to river. Village adjacent to the stadium. Main street with retail, apartments above, offices mixed in, trails and paths along the river, restaurants. Self-contained place where vehicles

not needed. Development is still alive when stadium isn't active. Retail along the river is more related to the trolley so has a larger area quality. Structured parking for the stadium. Stadium will be a great asset. Range of possibilities for development – none of the numbers finite.

1,000 dwelling units per acre (DU) would be two or three stories like in Mission Valley now. 3,200 DU would be more like the UTC area. Chargers would stay in town and it would create more housing in an area where needed – this is smart growth.

Wellner - Since the last presentation, they has been working on a new stadium and what that would involve. They would provide a building competitive with all the new buildings that have been developed lately. Max Muhleman has done a marketing analysis. Found that the current location is the most practical location within the City for a stadium. Seating – 65,600 seats. Tendency toward smaller stadiums with concern toward hosting Super Bowl (add temporary seats).

Renovation and new could be equivalent to a capacity of 65,600. When preparing the reconfiguration for the renovation, the seating was distributed around the field so would have filled every bit with seating. Only would allow for 65,600 seats. For Super Bowl, would be limited. In a new building, bias toward sideline seating. So would design with an excess of 70,000 seats. Would have temporary seats to reach Super Bowl seating levels, or exceed, - can meet needs of given events.

Would be 1,600,000 s.f. The concession stands would be doubled, there would be more restrooms, and wider concourses.

Renovation cost - \$353,000,000 New stadium cost - \$363,000,000

Keeping the existing structure is where the cost savings comes from. Because the codes have changed, a new building would need to be designed to the current codes. Qualcomm Stadium is safe and continues to be, but any new building has to meet current day seismic requirements. This process in a renovation costs money – the process of maintaining a place to play during construction (not building during the season and making facility safe to play in during the construction pause) costs money.

See presentation for specifics – posted on web

Renovated stadium – stadium location is a problem for development. Construction would take 32 months if Chargers, Aztecs and Holiday Bowl play during the construction. If not, 26 months. Limitation on the opportunity for Super Bowl – only just over 65,600 unless built another deck on top. Seating distributed 60% sidelines and 40% end-zone.

New stadium – location of the stadium supports development, construction is 26 months – teams continue to play in current facility while constructing beside it. There would be increased capacity for special events. Seating 80% sideline and 20% end-zone seating distribution.

New building – 280,000 sf at a service level for Locker rooms, operations, media, and food service. Main concourses would be double the current size, with an open view of the field so they don't lose the experience of game. Have some standing areas at the plaza level that allow for additional seating when need to expand. Club level – like a lobby bar area at a hotel. Can be used 7 days a week and hold 50-1000 people to use for sit-down dinners. Aggressive marketing is needed for those events. Additional level of suites would be provided, the upper concourses would be wider and open to field. The facility would be inwardly and outwardly oriented, not cut off, depending on where you are.

Pittsburgh development will be similar and may be a good resource.

Muhleman identified the capacity to tailgate as important to fans. Comfort and ability of fans to enjoy the experience is built in with the provision of space for tailgating.

An enhanced landscaping has been designed to soften what is the typical approach. Sideline bias for seating

Financial Analysis – The Chargers understand the public reluctance to spend taxpayer money. Began the process knowing that we don't want to draw on the City's General Fund or pull money away from other basic services. They are mindful of the state budget crisis and have focused on brand new revenues and those that would not be available to San Diego unless the Qualcomm site is redeveloped. Chargers are prepared to make a substantial contribution, \$200m, to help unleash the revenue under the site.

Jim Weinstein – has worked on financings since 1992 on many projects.

\$353m –hard costs with contingency and some soft costs. Some costs left out include financing costs, interest and financial contingency. With these added in, the totals would be \$390m for renovation and \$400m for new stadium. They propose splitting the cost with the City, \$200m from the City with \$68m from a G-3 loan and \$132m from Chargers.

The property has an estimated assessed value of \$1.1billion. They tried to be conservative. Have used \$1.5m per entitled acre which is reasonable for land sale proceeds – City could get \$100m from land sales, and \$16m per year upon full development to City from property tax, TOT and sales tax revenues. They used a five-year phase-in of office development. The retail would be open in the second year, and would assume the hotel would open in the first year.

See presentation for specific financial information provided on the financial slides.

The new stadium pays for the Chargers share of costs, the unleashing of new revenues pays for the City's share. The Chargers want to be in San Diego, have been for 40 years. They want to work with the Task force. The Chargers hope to have a public process occur. This is the beginning of the process and they understand this. Eager to move ahead with the process.

Chargers hope the task force will consider their presentation and include this report as part of the Task Force report. They hope Council will initiate a public process to take the next steps and that a proposal will be placed before the entire community for a vote.

Q&A

Watson – thank you for your presentation. Impressed with the scope and depth. Very happy with what been given to discuss, analyze and review. Thank you for good faith work. Pleased that Chargers have retained Mr. Steele as a part of the team.

Martinez – pleased to see presentation. Glad to see Mr. Steele and HOK as part of the team. Design questions. Interested in design of the program for the stadium first. Not exclusively for the Chargers, but also for hosting Super Bowl. How much of a premium for the cost of the program to host Super Bowl? *Design spends no money on this at all. It is an arrangement of the program to generate the capacity to host the Super Bowl. Improvements would be specific to Super Bowl. No money attributable to the Super Bowl in the initial stadium design.*

No reference to Infrastructure costs or \$67m due on current facility? *11 acre plaza, 25 acres specific to estimate put together in hard construction cost.*

When one looks at the program for the village, 2500 sf per unit, will generate 5,000 parking spaces requiring approx. 1.5m sf so the cost could be \$60m or \$70m for parking. Does it assume parking is handled elsewhere? *14,000 structured parking spaces are included in the developer costs. This covers the retail, office and housing development and stadium. Costs are in the calculations provided. Housing spaces would be dedicated so residents would not be fighting for spaces with game patrons. Some sharing for the stadium could go on with office and retail – this is not refined. There is not a segregated parking garage for residential and office, but would be some for stadium itself. Concerned about some areas being under-parked. Some of the residential will be one per unit, not 3 per unit. It hasn't all been worked out yet. The model is very urbanized.*

Is the timeframe rather aggressive? Will some of the components take longer to come on-line, the office in particular? The hotel component is probably a good number. The residential will go quickly. *Within budget for cost of residential, there is enough funding for parking within the residential estimate. Square footage is net and there is enough money in against the net square footage to cover the cost of the parking.*

Saathoff – thank you for excellent presentation. Cost of financing and financial contingency included? For the City to net \$200m in bond revenue, the bond will have to be higher. Did the calculations reflect a higher number to account for costs of issuance? *There is \$20m for interest earning construction and a contingency built in so these costs should be accounted for.*

How assuming can capture the tax increment? *Basing on City's ability to capture full value of property tax. Not in a position to select which option is best for the City. Plan assumes there is a legal way for the City to capture the revenue.*

How arrive at \$332m for total revenue? *Present value of tax revenue streams.*

Building stadium first, have debt service on stadium, then building the other stuff? *Proposal assumes simultaneous construction of hotel and stadium at least to make the concept work.*

Thinks about the debt service on a large bond, appears that there is a shortfall. Don't want to impact the City's general fund. Would assume bonds would be let early on and there would be debt service due early. There would be a gap in financing. *Proposal assumes selling the land to get the \$100m. Assuming only need \$100m in bonding, so there would be cash available.*

Still have to do debt service on \$100m? How address without impacting the GF? *There would be revenue generated off the site. Chargers are saying there will be excess funds coming off of the site and the City would be able to float bonds for enough to capitalize interest to pay expenses before the revenue is generated from the site.*

What if site costs more than is being projected? *Would have to negotiate and if the team has control over the site they could be responsible for overruns – all subject to future discussion*

66 acres would be what would be sold for development. There would be other area for streets. Other acreage would be green. Chargers want to be a tenant in a City-owned stadium.

Were there infrastructure costs included? *As a general matter, recognize that there will be additional costs – environmental, traffic mitigation, etc. In their model, there is a significant amount of additional resources that*

could be used to cover these expenses. Don't really know what those will be until determine exactly what development there will be. After figure out what kind of development makes sense, will know the other costs and can figure out how they will be divided up.

Naming rights – was that taken into consideration given the current naming situation? *Yes, taken into consideration but not a big part as naming rights have changed and they aren't able to convey the nuances of the existing naming agreement.*

Team is looking for one thing and only that – to be the tenant in a state of the art facility to keep the team competitive for 20-30 years per a lease they would sign. Not seeking to develop, but would have an open mind if the City proposed something different. Hoped that could reach an agreement for the Stadium to be operated by a professional stadium operator to maximize revenue generation. There is a way to market the extra capabilities/features. A professional mgmt company would maximize, but it is a detail that would have to be negotiated.

Mr. Saathoff would like to invite the Chargers to the Finance committee to provide more detail on the background of the proposal.

Heumann – this was a great working proposal to study and build upon. Infrastructure needs exist regardless of whether there is a new stadium –maybe look into the costs associated. In looking at the housing to go onto the site, have they thought about the type of housing that would be supported and is it consistent with the type of office work that would be generated? (jobs housing balance) *Haven't gotten into that detail yet. We have the need for affordable housing but want to maximize the revenue and have to consider the jobs that are generated so can reduce the driving. Whoever develops housing will have to provide a portion as affordable housing under the City's inclusionary housing requirements. Will keep track of these issues and include in the planning process. Thank you for providing the info.*

Patnoe – he now has a sense that the Chargers do want to stay in town. The task force has been waiting for this proposal to really roll up sleeves. City Council will be ultimately deciding whether a development such as this happens. An Environmental Impact Report (EIR) would have to be done before anything would go on ballot. To get onto ballot in November 2004, would need EIR immediately. How envision the process really beginning given that? *Hope that the recommendation to Council would be that a planning process be initiated at the end of the task force process. That it is something that would be subject to a serious planning process. Begin work on mitigation, EIR. Would be hard, but a doable project. They can't do on their own; the City would have to help at least by initiating the planning process. After they have gathered more info, it will be up to the City Council to put it on the ballot.*

Proposal calls for \$200m from City and team. The G-3 loan program has a range of what can be provided – what is the process and how are the dollar amounts determined? Is there additional money from the G-3 program that could be provided? *The program was initiated because the NFL wanted to be able to get teams into larger cities. If a city is one of the top six television market cities, it could get up to the maximum available. The smaller markets are subject to different calculations – only 34% of the private contribution is available.*

This is a complicated plan and it is likely that several different developers would be involved. Has the Spanos family thought about becoming the developer of the land and would they assume the risk? *Goal has been to be a tenant, and the Chargers haven't looked beyond that. Want to be open and willing to consider any options with an open mind.*

From a timing standpoint, they should research this idea more as they come up with final recommendations. *If there were a single master developer, it would be simpler. Patnoe more concerned with assuming risk. Steele – oftentimes there is a program EIR done for the whole project and then an individual EIR done as the smaller projects come on-line. It would be something to consider.*

Smith – it would be helpful if Chargers could provide a cash flow model. *Will see what can do.*

Clady – as far as an urban village, what other stadiums have that type of concept? *In particular, looked a lot at what happened in Pittsburgh. The change to the environment from what existed before is a good example. Wellner – what pre-existing model might be examined? Recommends we call another city to discuss. If want to see what stadium is like in an urban setting, look at Baltimore or Cleveland. Pittsburgh is serious as a crown jewel.*

As far as a contribution of \$200m, would Chargers look for the private sector to help? *Yes, would have to market to get the community's support. Completely responsible for selling the product. Hired Muhleman to look at market to see what could be supported here. Concluded that a different type of stadium will help to reach that point.*

Coffey – appreciates the plan. It gives hope that the Chargers really looked at City of San Diego with an understanding of what they are seeing – involving Mr. Steele was beneficial. Was the Qualcomm site the only place they looked at or others? *Only Qualcomm, after Muhleman conducted the market study. The transit available, and the 166 acres make it an obvious choice. Every penny spent thus far has been on this site. Has declined the opportunity to speak to LA. Would be happy to look at other sites if proposed.*

Largent – when presented, the stadium cost was at \$363m. Is there construction profit built into the price? *There is a general conditions line item that includes builder's profit.*

Roscoe – pleased to see the recognition of the river as an asset and the inclusion of the river in the proposal. Mentioned Pittsburgh model and potential joint use of university there. Would a consideration be to approach current users with the thought of them sharing in the financial responsibility, even if at a much smaller amount? *Yes, thought about it but SDSU is a public university and didn't think there would be much assistance. They fully intend to cover the needs of SDSU so that they have a fully accessible state-of-the art facility.*

Structured parking and tailgating. Are there any ratios for parking vis a vis transit? *Thinks stadium will need 10,000 spaces, plus transit. There is room for tailgating. 2-3,000 spaces on site for tailgating. 1,000 spaces on streets within the development. About 6,000 shared with retail and office. Residential parking is separate.*

There is a lot of concern about the current contract. How does the City work with the Chargers in integrating the current contract into a new contract so that it is a win-win for both sides and the community sees cooperation between two entities? *They would hope that the City would begin trying to work these issues out after the task force process. Chargers remain open to discussing elimination of the ticket guarantee and how to move forward. There are a lot of ideas out there, people are talking about them.*

Watson – the contract only exists as long as the term lasts or until the two parties agree to terminate it. If there were a new contract, the old one would go away.

Simon – on site question, said only could unleash revenues by development on the Qualcomm site. Was there any analysis of development of a stadium on another site with full redevelopment of the Qualcomm site? *Has heard that and would be open to exploring that. That idea brings along a whole other layer of complexity,*

have to acquire the land at the alternate stadium site. It is a complex idea with another complex idea on top of it.

Is Qualcomm the best choice or the only choice? *Thinks that given the complexity, it is the only place to start. Takes a while for people to understand that there is brand new revenue that the City will never have access to without developing the site.*

Watson – it would be helpful if the Chargers could provide as much of the marketing study as relates to other sites for a stadium. *Will see what Muhleman can do about an executive summary. He wants criteria and how it was analyzed. Muhleman did interviews, surveys, research. Found out people like going to this stadium. They like going to the area, getting in and out of that area. Basic principle or vision would remain even if applying to other site.*

This is beginning and very complex. Not sure how get from point A to B by a 2004 ballot. Have revenues that belong to the County in the plan, and have to get access to those revenues. Big issue of whether a city or county vote. EIR issue is huge. Don't know who the developer is. Seems it would be more attractive if Chargers were shooting for the 2006 ballot given that there is lots of work to do. Having more time would be more attractive. 2006 isn't the end of the world. He would urge the Chargers to think about allowing the process to proceed carefully, professionally, etc. to really analyze everything. He wouldn't want to be in as much of a hurry. *Doesn't disagree. Would like to get on a track to do something by 2004. Not by short-cutting. If can't do, then they can't. Chargers would like to get started after the task force finishes its work. If they run out of time, then that happens.*

Concern about hearing that public facilities always run at a loss. *Would have to sit down with the City to work out the details. Wouldn't be standing here if didn't believe that the stadium could make their \$200m investment worthwhile.*

Watson – what envision going on the ballot could vary. It could be a MOU like in the ballpark project. He wants people to understand the difference between whether an EIR would be needed in advance or not. If they put the project on the ballot, then they would need an EIR completed in advance. If not, then they wouldn't. That would be a strategy decision that the City and Chargers would have to make. It would require a lot of patience.

Fat – pleased about the Chargers proposal. Excited about having a starting point. Will be a lot of work for parking, density, traffic, environment, plume under stadium. Financing – task force represents the people. Many people have said they don't want a public subsidy in this deal so it all boils down to how they could finance. People want to know if the stadium is going to pay for itself on a cash basis. City only gets a portion of the sales tax, is that accounted for? *Yes, only the City's share is included. On TOT, we had rough figures that didn't generate as much. In the subcommittee, wants to have the team and the finance committee detail the cash flow as that is what the people want to know. Chargers have been very conservative in assessing land values. Learned that the land value number is very low compared to what is being used around the city. Hopefully it is a project that would start in better economic times that what we are in now. They would be willing to bring the team in to explore the details and could help Finance Committee do a cash flow.*

Henderson – has provided questions to attach to the minutes. He had hoped that with Spanos' development experience would see the proof of the claim that the project finances itself. Doesn't see public support. Chargers make the assumption that if we receive tax revenues, it is new money and extra cash in the pockets of taxpayers. This all assumes there aren't any costs to the City. Taxes we pay don't pay the costs of all the services. Given the costs of all the new housing, infrastructure, fire service, hotel, etc., where is the new money? *There will be additional costs. Chargers believe there is extra revenue in this proposal. Believe*

there is additional revenue in there to help defray the costs. Won't know what the costs are until there is a public process that leads to more information on all of the costs. Will then know if there is enough money in the plan to pay for it. Talking about day to day costs of paying firefighters, sweeping streets, and putting gas in police cars. Whatever net tax amounts come to the City, money will be totally consumed in running a City government. Tremendous costs are incurred on a daily basis and he doesn't see these costs built in. Where are the daily costs? Have not built them in. This is land now covered by asphalt. Unless that is changed, there will be no new revenue. Have to change the use of the land to generate revenue. The problem is that new development has operating cost associated with it. New development and folks pay their share, where is there extra money above and beyond?

Watson – would assume private development would be subject to the same requirements as other, and impact fees would be required. Cost would be part of the development of the private development, not the stadium, and borne by developer via a fee paid by the developers. Easiest way would be to hypothetically form an FBA. There are things in place under land development entitlement requirements.

Henderson – if they all worked the way said, then all these areas would be generating huge budget surpluses.

Watson – incorrect. Only generate revenues for their own areas and re-use the monies for their needs.

Henderson – knows how this works. Doesn't see any extra money in the proposal to generate the new money.

Watson – older neighborhoods built before these mechanisms were put into place. The new neighborhoods don't fund the old ones.

Henderson – doesn't see the new money that would make this project pay its own way.

Steele – some communities have surplus but it wouldn't be able to go to the General Fund. They could study it as time goes on.

Henderson – who bears the risk? *It is too early to know how the site will be developed and it can be accomplished if we all decide to work together.* How do they explain to the public that in 1995 and 1997 they said they would have a state-of-the-art stadium and now they want a new facility. What has changed so people can believe that today? *Only asking that everyone look at the information with an open mind. Want to collectively get to the point that all agree this is worth pursuing. Hope we get to the point of an election.*

Clay – thought the most important information was the renovation information. If look at the \$390m vs \$400m the numbers are very valuable. Pleased about working with SDSU. Many feel that is important. Would like the breakdown of each area of the development by acreages. Mr. Trimble and Mr. Barrett have been asked to analyze the proposal and she would like the Chargers work with them to provide specific information needed for analysis.

Martinez – has been running some calculations during the discussion. Residential - 800sf per unit is too small. To sell would be too small. 4,000 spaces for tailgating would be about 30 acres – 15% of group that could use that area. For hotel, a 300 room hotel would expect more public assembly space. Could get more square footage. Thinks parking is too little for hotel. Office would be two of the Symphony Towers. 15 stories. Absorption should maybe be 15 years. Retail – 2 years, maybe will work. Stadium maybe gets integrated with hotel. The kitchen, ballroom, etc. could be joint use. Really appreciates time and effort to allow the task force to begin discussions.

Watson – there are several issues for the team, Trimble and Barrett, to look at – their reports will be submitted to the task force later. Also, two community planning groups have been asked to review, analyze and present on 30th. Sees there being six issues:

What is the difference between tax revenue generated and the amount the City would receive?

How would any gap in financing caused by the phasing/lag in revenue generation be resolved?

Is the intensity of development – appropriate? Is less more? The park scenario could generate more public acceptance because the City needs parks. It is possible that the public might be more willing to support something with benefit all throughout year. Give serious consideration to this.

What is the cost of infrastructure?

How much would the rent be? Would it be sufficient to contribute to cost? Could operation make money?

Parking – why would there have to be 14,000 spaces. Why not 3,000 or 5,000? He wants to hear from the City about how the traffic parking management for the Super Bowl worked.

Wants to thank the Chargers for their presentation

Item 9: Savings Agreement

City Council forwarded the question of the saving agreement to the task force for input. There were comments about adding language to make it absolutely clear that the City isn't giving up any rights. Also, there was a question about providing indemnification by the Chargers to the City. The City attorney recommended not to go down the indemnification road. City needs to remain independent of the Chargers should there be any litigation. Two revised options of the saving agreement provided. Option 1 includes language making it clear the City isn't giving up any rights. Option 2 includes that and indemnification language.

Aguirre – problem is that the City is not prepared and wants to continue the trigger date. Suggests saying to the Chargers put your plan on the ballot and if it passes, we'll implement it in good faith. If it doesn't, they waive section 9 and 31 – ticket guarantee and trigger clauses. If Chargers thought this was such a good deal, they would be the developer. Don't make a decision tonight. Keep an open mind. Talk to Chargers attorneys. Please don't make a decision tonight.

Watson – wants task force to consider recommending option 1, with a suggestion for the Council to consider the pros and cons of language in version 2 and decide at the advice of City attorney. The language in version 2 is reduced from that discussed the other day and upon which Mr. Gwynn recommended on. Would like the task force to send message to Council to take another look at it.

Ms. Clay moved the above recommendation and Mr. Saathoff seconded.

Girard – the language protects City and Chargers. The point is to move the trigger window, not prejudice anyone. He assures the task force that the City is prepared, but he doesn't discuss with third parties what the City is doing to get prepared. Prepared at any time to take the direction given by the City Council.

Heumann – thank you and supports motion

Patnoe- no problem with the savings agreement. Approving one and asking Council to look at again is saying both are good versions..

Watson – would be happy if they take version 1 but would like them to look at version 2 and work out which is best with the City Attorney.

Girard – would welcome the opportunity to discuss the options more with the City Council.

Patnoe – what proposed is well thought out.

Henderson – clarifying that what Aguirre was saying was that the Chargers have assembled a large team. Where are the Chargers on this issue? Are they demanding a side letter?

Girard – whatever the Council's recommendation, we are prepared to staff as necessary, with consultants, experts, etc as needed. The Chargers have conveyed to him that this agreement is a necessary component. They did not want to be in the position of having waived their rights, just wanted to move the window.

Henderson – at Council it is all about strategy. He can't support either version. A side letter is contrary to public process. It discourages the power of referendum. He rejects both versions and moved to adopt Mr. Aguirre's substitute document. No second, so fails.

Simon – supports motion of Ms. Clay – need to be very clear

Watson – formally recommending that Council use version 1, and asking that Council review additional language in version 2 with City Attorney – neutral on version 2.

Girard – to address Henderson's comments – agreement includes that if there is a referendum then the agreement is unenforceable so that gives the Chargers the right to trigger immediately. This does nothing to the right of the voters to try referend something, it protects the Chargers from the risk of being deemed to have waived their right for the trigger.

Coffey – beyond our general feeling of giving the extension of time, it is a matter for the attorney to address the Council on.

Vote – 13 – 1

Roscoe – out of town on January 28th and Jan 30th meetings.

ADJOURNMENT

The meeting was adjourned at 10:47

**The next regularly scheduled meeting is: January 30, 2003 @ 6:30
La Jolla Recreation Center
615 Prospect Street**

City of San Diego
Special Projects Administration
1010 Second Avenue, Suite 500, MS 658
San Diego, CA 92101

Submitted by,

Libby Coalson
Staff Representative